



7020-02

INTERNATIONAL TRADE COMMISSION

[Docket No. 1210-007]

Possible Modifications to the International Harmonized System Nomenclature

AGENCY: United States International Trade Commission.

ACTION: Request for Proposals to Amend the International Harmonized System Tariff Nomenclature.

SUMMARY: The Commission is requesting proposals from interested persons and agencies to amend the International Harmonized Commodity Description and Coding System (Harmonized System or HS) in connection with the Seventh Review Cycle of the World Customs Organization (WCO), with a view to keeping the Harmonized System current with changes in technology and trade patterns. The proposals will be reviewed by the Commission, U.S. Customs and Border Protection (CBP), and the U.S. Department of Commerce, Bureau of the Census (Census), for potential submission by the U.S. Government to the WCO in Brussels, Belgium.

DATES: Suggested deadline for submissions: March 31, 2020.

This date allows adequate time for proposals to be considered for submission for the 2027 Harmonized System five-year revision cycle. Proposals must be submitted to the relevant committees of the WCO by no later than November 2022 to enable the WCO to approve all recommended amendments in June 2024. This timing will enable member countries to make such changes as are necessary in their national tariff schedules to meet the January 1, 2027 target date for implementation of amendments by countries using the HS.

ADDRESSES: All Commission offices are located in the United States International Trade Commission Building, 500 E Street, SW., Washington, DC. All written submissions should be addressed to the Secretary, United States International Trade Commission, 500 E Street, SW., Washington, DC 20436. The public record for this collection of proposals may be viewed on the Commission's electronic docket (EDIS) at <https://edis.usitc.gov>.

FOR FURTHER INFORMATION CONTACT: Barbara Elkins, Office of Tariff Affairs and Trade Agreements (202-205-2253, fax 202-205-2616, barbara.elkins@usitc.gov).

The media should contact Margaret O’Laughlin, Office of External Affairs (202-205-1819, margaret.olaughlin@usitc.gov). Hearing impaired individuals may obtain information on this

matter by contacting the Commission's TDD terminal at 202-205-1810. General information concerning the Commission may also be obtained by accessing its Internet Web site

(<http://www.usitc.gov/>). Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000.

BACKGROUND: The Harmonized Tariff Schedule of the United States (HTS) was approved by Congress in the Omnibus Trade and Competitiveness Act of 1988, (Public Law 100- 418; 19 U.S.C. 3007) (1988 Act) and became effective on January 1, 1989. The HTS incorporates within its legal structure the rules of interpretation, legal notes, and nomenclature categories of the international HS, and provides additional product provisions for U.S. rate of duty and statistical purposes. Because it was clear that the HS would need to be updated over time, Congress enacted section 1205 (19 U.S.C. 3005) of the 1988 Act to provide for Commission investigations and recommendations to the President pertaining to specific types of changes to the HTS.

Pursuant to the authority of section 1205(a), the Commission conducts investigations to

recommend to the President changes to the HTS that result from the WCO's five-year review cycles.

Congress also established a process for U.S. involvement in the work of the WCO in administering and updating the HS. Section 1210 of the 1988 Act (19 U.S.C. 3010) designates the Commission, the U.S. Department of the Treasury, and the U.S. Department of Commerce, subject to the policy direction of the Office of U.S. Trade Representative (USTR), as the principal agencies responsible for formulating U.S. Government positions on technical and procedural issues and in representing the U.S. Government in activities of the WCO relating to the HS. The USTR subsequently designated the Commission to lead the U.S. delegation to the HS Review Sub-Committee (RSC), which is responsible for considering amendments to the HS in order to keep the HS current with changes in technology and patterns of international trade (see 53 FR 45646, Nov. 10, 1988). Commission staff also participates in the U.S. delegations to the Harmonized System Committee (HSC), the parent body of the RSC, as well as the Scientific Sub-Committee (SSC) that provides scientific analysis and recommendations to the HSC.

The HS was adopted internationally by means of a WCO convention, which recognizes that the HS should be kept up to date in light of changes in technology and patterns of international trade.

The HS nomenclature structure, now used by nearly all countries in their national tariff schedules, provides a uniform basis for classifying and reporting goods for tariff and statistical purposes. The HS structure includes the broadest descriptive product categories reflected in the HTS, thereby providing the general rules for the interpretation of the nomenclature, section and chapter titles, section and chapter legal notes, and the 4-digit headings and 6-digit subheadings covering all goods in international trade. The HTS also includes additional U.S. rules of interpretation and notes, 8-digit subheadings establishing rates of duty, and 10-digit non-legal

statistical provisions, as well as special duty provisions in chapters 98 and 99 and several appendices. These national legal and statistical provisions and the final two chapters are not part of the international HS review process for which proposals are being requested, and thus no requests for changes in U.S. tariff rate lines or rates of duty will be acted upon.

By way of further background, shortly after implementation of the HS in 1988, the RSC began a series of systematic reviews of the HS. Reviews result in WCO recommendations to those countries using the HS, so that they have a basis for updating their national tariffs to reflect international amendments. In the current review cycle, members' proposals to amend the HS will be examined, and the RSC will forward its final proposed amendments to the HSC in November 2023, so the HSC can agree upon the changes to be included in the WCO recommendation to countries using the HS, that is scheduled to be issued in June 2024.

Members then undertake domestic legal processes, similar to the U.S. process in section 1205, with the targeted implementation date for this set of amendments by all countries using the HS being January 1, 2027.

Through this notice the Commission is seeking proposals to amend the HS, specifically the 4- and 6-digit product categories and associated legal notes. Proposals received will be made a part of the Commission's record keeping system and available for public inspection (with the exception of any confidential business information) through the Commission's record files and through the Commission's electronic docket (EDIS).

An up-to-date copy of the HTS, which incorporates the international HS in its overall structure, can be found on the Commission's Web site (<http://www.usitc.gov/tata/hts/bychapter/index.htm>).

Information concerning locations where copies in print or on CD can be found at the following

link, <https://www.govinfo.gov/app/search> or by contacting GPO Access at the Government Printing Office (866-512-1800).

REQUEST FOR PROPOSALS: The Commission is seeking proposals for specific modifications to the international Harmonized System (section and chapter notes, and the texts of 4-digit headings and 6-digit subheadings) that would describe new products or technologies, modify or eliminate unclear or obsolete categories, or otherwise advance the goals set out by the HS Convention. No proposals for changes to U.S. national-level provisions (including Additional U.S. Notes, 8-digit subheadings, 10-digit statistical annotations, and rates of duty) will be considered by the Commission as part of this review. Interested parties, associations, and government agencies should submit specific language for proposed amendments to the HS, together with appropriate descriptive comments and, to the extent available, relevant trade data. The implementation of changes in the international HS by the United States is intended to be tariff-neutral.

As part of this review, the Commission particularly invites proposals concerning the following matters:

- The deletion of HS headings or subheadings with low trade volume;
- The creation of separate 4-digit headings or 6-digit subheadings to identify types of products that are important in international trade but are not adequately classified;
- The simplification of the HS, whether by the modification of provisions for greater clarity or the elimination of provisions that are difficult to administer; and/or
- The suggestion of other changes that would improve the classification of products, especially those being exported from the United States, or assist in the administration of the HS and the more uniform classification of goods internationally.

Proposals received in connection with this notice will be considered by the interagency U.S. delegation to the RSC. When the WCO later makes recommendations as part of the Seventh Review Cycle, the Commission will prepare a report setting out the needed changes in the HTS that would reflect the HS changes while maintaining existing duty treatment. The Commission will publish notice and seek the views of interested parties in connection with this work, resulting in final recommendations to the President in accordance with section 1205 of the 1988 Act.

This notice does not seek proposals for changes to the HS Explanatory Notes, which are maintained by the WCO and are reviewed separately. However, requests for changes to current Explanatory Notes (not arising from potential 2027 legal amendments to the HS) may be sent by a WCO member government directly to the HSC at any time. Government agencies and private sector parties interested in such action should contact the Commission (see contacts above) or the following CBP officials: Myles B. Harmon, Director, Commercial & Trade Facilitation Division, 202-325-0276, or Parisa Ghazi, Acting Branch Chief, FTM Branch, 202-325-0272.

WRITTEN SUBMISSIONS: Interested persons and agencies are invited to submit written proposals, which should be addressed to the Secretary to the Commission and received no later than March 31, 2020. Although submissions will be accepted after this date, it is recommended that proposals be submitted as soon as possible to ensure full consideration in the seventh HS review cycle. Submissions should be marked with a reference to “Docket No. 1210-007”.

All written submissions must conform with the provisions of section 201.8 of the Commission's Rules of Practice and Procedure (19 CFR 201.8). Section 201.8 of the Commission's rules require the filing of all submissions with the Secretary electronically, (see Handbook for

Electronic Filing Procedures,

https://www.usitc.gov/documents/handbook_on_filing_procedures.pdf). Persons with questions regarding electronic filing should contact the Secretary (202-205-2000).

Submission will preferably be public, but in the event that confidential treatment of a document is requested, a non-confidential version must also be filed (see the following paragraph for further information regarding confidential business information). Any submissions that contain confidential business information must also conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). Section 201.6 of the rules requires that the cover of the document and the individual pages be clearly marked as to whether they are the “confidential” or “non-confidential” version, and that the confidential business information be clearly identified by means of brackets.

All written submissions, except for confidential business information, will be made available for inspection by interested parties. Confidential business information received in the proposals may be made available to Customs and Census during the examination of these proposals. The Commission will not otherwise publish or release any confidential business information received, nor release it to other government agencies or other persons.

By order of the Commission.

Katherine Hiner
Acting Secretary to the Commission

Issued: March 28, 2019

[FR Doc. 2019-06540 Filed: 4/2/2019 8:45 am; Publication Date: 4/3/2019]